



RAPPAPORT REICHES
CAPITAL MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of Rappaport Reiches Capital Management, LLC. If you have any questions about the contents of this brochure, please contact Stephen Reiches at 847-832-0050 or stephen.reiches@rrcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Rappaport Reiches Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 137021.

Updated on March 15, 2015

Item 2. Material Changes

The SEC requires us to describe any material changes since our last Disclosure Brochure. No material changes have occurred since the Firm's last annual update on March 15, 2014.

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Item 4. Advisory Business

About Rappaport Reiches Capital Management

Our Firm, Rappaport Reiches Capital Management, LLC, is an independent investment advisor offering financial planning and global investment management solutions to individuals, families and non-profit organizations. Each client's portfolio is tailored to his or her individual situation based on comprehensive investment planning. Additionally, through our "*Family CFO Checklist*", we advise and consult on a wide range of critical financial issues beyond investment planning and management. We are global investors, diversifying clients across a broad range of U.S. and international markets. We construct portfolios in accordance with leading-edge academic research, utilizing passive and index-related institutional funds. We believe that the benefits of our approach are superior long-term performance, broad diversification, consistency, low cost, and tax efficiency.

History

Our Firm was founded by David Rappaport and Shari Greco Reiches in 2005. Its principal place of business is located at 5202 Old Orchard Road, Suite 160, Skokie, Illinois.

Our People

Shari Greco Reiches - Co-Founder and Principal

Shari is our co-founder and co-chairman of our Investment Strategy Committee. Shari has been in the financial services industry for over 35 years, starting at her family's community banks in Highwood and Mundelein, Illinois. Prior to co-founding our Firm, Shari managed Private Banking for FirstStar Bank (now U.S. Bank) in Chicago and worked as a financial advisor for Sanford C. Bernstein & Co. Shari received her BS in accounting from the University of Illinois, Urbana-Champaign.

David Rappaport - Co-Founder and Principal

David is our co-founder and co-chairman of our Investment Strategy Committee. David has extensive experience in investment management, working previously at Goldman Sachs and Sanford C. Bernstein & Co. David received his BS in accounting from the University of Illinois, Urbana-Champaign, and his MBA from the Kellogg School of Management at Northwestern University.

Stephen Reiches - Principal and Chief Operating Officer

Steve joined our Firm after 20 years as an estate planning attorney at Neal, Gerber & Eisenberg and brings an invaluable expertise to the financial planning process. Steve graduated Phi Beta Kappa from Northwestern University and received his law degree from The University of Chicago.

Liz Xilas - Vice-President and Advisor

Liz joined our Firm as an Advisor in 2011 after having been in the financial services industry for over 20 years. She was most recently at RBC Wealth Management for 7 years and prior to that she was at Oppenheimer & Co. for 13 years. Liz's practice, while diverse, has a focus on women going through transition, as well as small business owners. Liz has a BA from the University of Michigan Honors Program in Political Science and Economics.

Karen Asbra – Vice-President of Operations

Karen has been with our Firm since 2007. Karen has her BA from Northwestern University and is a CFP® professional. Karen is the internal point of contact for all client relationships.

The Investment Strategy Committee

Senior members of our Management Team also serve as members of our Investment Strategy Committee. The Committee reviews proposed recommendations and reviews all accounts on a quarterly basis. The current members of the Committee are David Rappaport (co-chair), Shari Greco Reiches (co-chair) and Stephen Reiches.

Our Services

We offer our clients both financial planning and discretionary investment management services.

Financial Planning. Financial planning involves the evaluation of a client's present and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, questions, information and analysis are considered as they impact and are impacted by the financial and life situation of the client. In essence, we become the "Family CFO". If requested by a client, we work in connection with any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze income tax, spending and planning for past, current and future years; then illustrate the impact of various investments on current income tax and future tax liabilities.
- **INVESTMENTS:** We analyze investment alternatives and their effects on a client's managed portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help achieve retirement goals.
- **DEATH & DISABILITY:** We review cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist in assessing and developing long-term strategies, including as appropriate, living trusts, wills, potential estate taxes, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

Investment Advisory Services. Our Firm provides advice regarding the investment of funds based on the individual needs of our clients. Through personal discussions in which goals and objectives are established, we create and manage a portfolio. During our data-gathering process, we determine objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis, by purchasing mutual funds and exchange traded funds (ETFs). We do not recommend individual stocks. Account management is guided by client objectives as well as tax considerations.

Insurance/Retirement Plans. We may also render services to clients relative to variable life/annuity products they own, their individual employer-sponsored retirement plans, and/or 529 plans or other products not held by the client's primary custodian. In so doing, we either direct or recommend the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Assets Under Management.

As of December 31, 2014, we had approximately 220 clients and were managing approximately \$320,000,000 of clients' assets on a discretionary basis. We generally will not manage accounts on a non-discretionary basis. We may make exceptions for accounts of existing clients or other existing relationships.

Item 5. Fees and Compensation

We require fees to be paid quarterly in advance, based upon the valuation of assets under management on the last day of the prior quarterly period.

Fee Schedule. Our fee schedule is as follows:

On the first \$1 million.....	1.0%
On next \$3 million	0.5%
On the balance.....	0.1%

Clients with managed assets valued at less than \$500,000 are subject to a 0.25% service and administration fee. We provide a 25% discount for not-for-profit clients who meet our \$500,000 account minimum. Fees are assessed on the total value of all accounts in a fee relationship. Generally, members of the same family are classified as a single fee relationship. The decision to allow accounts to be combined for fee calculation purposes is at the Firm's discretion. In the event of unique circumstances, alternative fee arrangements may be negotiated.

Each new account is charged a prorated fee for the remainder of the quarter in which we begin to manage such account. The fee is charged in addition to the advance fee for the next calendar quarter. We request authority from our clients to debit fees directly from their client accounts.

Mutual Fund and ETF Fees. All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee.

Additional Fees and Expenses. In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer. Please refer to the "Brokerage Practices" section of this brochure for additional information.

Limited Prepayment of Fees. Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Termination of the Advisory Relationship. A client agreement may be cancelled at any time, by either party, for any reason by giving written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Item 6. Performance-Based Fees and Side by Side Management

We do not charge performance-based fees.

Item 7. Types of Clients

Our Firm provides advisory services to individuals, families and not-for-profit organizations. We have a minimum account size of \$500,000. In addition, we reserve the right to refuse to accept clients and to resign from the management of any account.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Asset Allocation. We believe that asset allocation is one of the largest determinants of an investor's success. Accordingly, rather than focusing on security selection, we construct broadly diversified portfolios that include multiple asset classes, including stocks (U.S., international and emerging markets), bonds (U.S. treasury and agency, investment grade corporate, international, tax-exempt, inflation-protected) and real estate securities (U.S. and international). We believe that broad diversification among many areas of the markets lowers the volatility of short-term performance, preserves capital during difficult periods, and generates attractive returns over the long-term.

We believe that efforts to "beat-the-market" are often destructive. In any asset class, we believe that the only consistently superior performer is the market itself. As such, market tracking index and passive funds form the foundation of our approach. We have partnered with world class money managers Dimensional Fund Advisors LP ("Dimensional") for global equity portfolios and The Vanguard Group, Inc. ("Vanguard") for fixed-income portfolios. Each firm specializes in passive or index-related investing, and we utilize their no-load, low fee mutual funds. We do not purchase individual securities on behalf of our clients.

Dimensional is a leader in passive equity management, with deep connections to leading academic financial economists. Based in Austin, Texas, Dimensional manages approximately \$381 billion dollars (as of 12/31/14) for a diverse range of clients. We use Dimensional's "Core" funds for U.S., International, and Emerging Markets stocks. Each Core fund holds stocks across multiple

areas of a market – from large-cap to micro-cap. Unlike conventional indexing approaches, the securities are not held in their market-weighted proportions. The portfolios increase the relative weight of small cap and value stocks, where Dimensional believes that expected returns are greater. In aggregate, our global equity portfolios (via three mutual funds) hold approximately 11,000 stocks from 40 countries across the world.

Vanguard is a pioneer in index investing and manages nearly \$3 trillion (as of 12/31/14). Vanguard strives to minimize tracking error, keep costs low, and maintain diversified portfolios that reflect the characteristics of their benchmarks. Management expertise plays a major role in their bond index funds, in which the sheer number and illiquid nature of many securities make full replication of a benchmark prohibitive.

Risks of Investment Strategy. Securities are not guaranteed and a client may lose money on his or her investments. One risk of using an asset allocation/passive investment approach is that the ratio of securities, fixed income, and cash may change over time due to market movements and, if not corrected, will no longer be appropriate for a client's goals. This risk is mitigated by the fact that we rebalance accounts on a regular basis.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our Firm and our management personnel have no reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Shari Greco Reiches is a Board Member of the Illinois State Board of Investments. Shari does not receive any compensation for her participation on this board, but may be reimbursed for the cost of travel to attend board meetings. This relationship does not influence the Firm's selection of any securities products.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our Firm has adopted a Code of Ethics which sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our Firm and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of employee quarterly securities transactions as well as initial and annual securities holdings reports. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for

oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to stephen.reiches@rrcapital.com, or by calling us at 847-832-0050.

Item 12. Brokerage Practices

We require that clients establish brokerage accounts with either Charles Schwab & Co., Inc. ("Schwab") or TD Ameritrade, Inc. ("TD Ameritrade"), both of which are FINRA registered broker-dealers, and members of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we require that clients establish accounts at either Schwab or TD Ameritrade, it is the client's decision to custody assets with either custodian. We are independently owned and operated, and not affiliated with either custodian.

Each custodian provides us with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them. These services are not contingent upon our Firm committing to either custodian any specific amount of business (assets in custody or trading commissions). Brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Neither custodian charges our clients separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades.

Each custodian also makes available to our Firm other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts. These products and services are not provided in connection with securities transactions of clients (i.e. not "soft dollars").

Products and services provided by Schwab and TD Ameritrade that assist us in managing and administering our clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Each custodian also offers other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers.

Each custodian may also (i) make available, arrange and/or pay third-party vendors for services rendered to us, (ii) discount or waive fees it would otherwise charge for some of these services, (iii) pay all or a part of the fees of a third-party providing these services to our Firm, and/or (iv) provide other benefits such as educational events or occasional business entertainment for our personnel.

In fulfilling our duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits from Schwab or TD Ameritrade creates a potential conflict of interest since these benefits may influence the Firm's choice of recommending one custodian over another.

Item 13. Review of Accounts

While the underlying securities within client accounts are continually monitored, we review client accounts at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, changes in the public markets, and the political and economic environment.

These accounts are reviewed by a member of our Investment Strategy Committee and the advisor managing the client relationship.

Item 14. Client Referrals and Other Compensation

We receive economic benefits from Schwab and TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisors that have their clients maintain accounts with them. These products and services are described in Item 12.

Our Firm may pay referral fees to independent firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document and a separate disclosure statement that includes the following information: (i) the Solicitor's name and relationship with our Firm; (ii) the fact that the Solicitor is being paid a referral fee; (iii) the amount of the fee; and (iv) whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor. We do not increase the advisory fees paid by the client as a result of any payments we make to Solicitors.

It is our policy not to allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15. Custody

As a general rule, we debit advisory fees from client accounts. A client may request to be billed directly for advisory fees.

As part of this billing process, we advise the client's custodian of the fee amount to be deducted from that client's account. On at least a quarterly basis, each custodian is required to send a statement to the client showing all transactions within the account during the reporting period.

Because the custodians do not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe there may be an error in their statement.

Item 16. Investment Discretion

Clients hire us to provide discretionary asset management services. This means we place trades in a client's account without contacting the client prior to trading. Our discretionary authority includes the ability to determine the security to buy or sell; and to determine the amount of the security to buy or sell.

Item 17. Voting Client Securities

We vote proxies for client accounts; provided, however, clients have the right to vote proxies themselves. They can exercise this right by providing us written notice of their desire to retain the right to vote.

Our voting guidelines are designed to increase investors' potential financial gain through the use of the shareholder vote and to encourage the maximization of return for such clients through identifying and avoiding financial, audit and corporate governance risks.

We have hired Broadridge Investor Communication Solutions, Inc. ("Broadridge") and Glass, Lewis & Co. ("Glass Lewis") to vote proxies for securities held in our client accounts in accordance with these guidelines.

A client may obtain a copy of our proxy voting policies and information on how proxies for such client's shares were voted by contacting Stephen Reiches.

Item 18. Financial Information

As previously mentioned, under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no such financial circumstances to report. Finally, we have never been the subject of a bankruptcy petition.

Item 19. Privacy Notice

Information We Collect. We collect nonpublic personal information about our clients from the following sources:

- Information from forms our clients fill out in connection with the establishment and administration of accounts with us;
- Information from transactions in client accounts with us;
- Information regarding any client bank account used for transfers with client brokerage accounts;
- Information we receive as a result of communications by mail, e-mail, telephone or in person; and
- Information we receive from non-affiliated third parties, including consumer reporting agencies.

Information We Disclose. We do not disclose personal information except as permitted by law. So that we may provide superior service, we may disclose nonpublic personal information about our clients to (i) custodians, such as Schwab and TD Ameritrade, (ii) other registered investment advisors, (iii) investment companies (mutual funds) and (iv) companies that provide services to us. These companies use the information only to perform the services for which we hire them and are not permitted to use or disclose the information for any other purpose. In addition, we may disclose information to persons at our clients' direction (for example, by sending duplicate statements to a person designated by a client). We will also disclose information as required by law. We may continue to share information about former clients as described herein. A person may not limit the sharing of information described in this paragraph.

Information We Do Not Disclose. We do not disclose any nonpublic personal information about our clients to non-affiliated third parties and we do not disclose information to our affiliates about our clients' creditworthiness or for joint marketing purposes.

Information Security. We restrict access to nonpublic personal information about our clients to those employees who need to know the information in order to provide products or services to them. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to protect our clients' nonpublic personal information.

Questions? If you have any questions, please contact Stephen Reiches at 847-832-0050 or stephen.reiches@rrcapital.com.